

DG 01-179

NORTHERN UTILITIES, INC. - PELHAM DIVISION

2001/2002 Winter Cost of Gas

Order Approving 2001/2002 Winter Cost of Gas

O R D E R N O. 23,827

October 31, 2001

APPEARANCES: Rubin & Rudman, L.L.P., by Frank Pozniak, Esq., on behalf of Northern Utilities, Inc. and Marcia Thunberg, Esq., for the Staff of the New Hampshire Public Utilities Commission.

I. PROCEDURAL HISTORY

On September 17, 2001, Northern Utilities, Inc. - Pelham Division (Northern), a utility serving 18 commercial customers located in Pelham, New Hampshire supplied by wholesale propane through one 19,000 gallon tank, filed with the New Hampshire Public Utilities Commission (Commission) its Cost of Gas (COG) rate for the period November 1, 2001 through April 30, 2002 for effect November 1, 2001. The filing included testimony and supporting schedules. The proposed 2001/2002 Winter COG rate is \$0.5807 per therm.

By Order of Notice issued September 21, 2001, the Commission scheduled the date of the hearing for October 18, 2001 and set deadlines for intervention requests and objections thereto. There were no Motions to Intervene filed. A duly noticed hearing on the merits was held on October 18,

2001.

II. POSITIONS OF THE PARTIES AND STAFF

A. Northern

Northern's witness Joseph A. Ferro, Manager of Regulatory Policy, addressed the following issues: 1) calculation of the COG rate and the impact on customer bills; 2) factors contributing to the decreased rate; and 3) notification of rate changes to customers. Northern also indicated it was exploring the possibility of converting the 18 customers to individual propane service and discontinuing the communal, 19,000 gallon tank system. No date has been set for implementing this concept.

1. Calculation and Rate Impact

The proposed 2001/2002 Winter COG rate of \$0.5807 per therm was calculated by decreasing the anticipated cost of gas of \$41,618 by the prior period over-collection of \$3,758 and related interest of \$203 and dividing the resulting anticipated costs of \$37,657 by projected therm sales of 64,846.

Northern's proposed 2001/2002 Winter COG rate of \$0.5807 per therm represents a decrease of \$0.5443 per therm from the 2000/2001 average weighted Winter COG rate of \$1.1250

per therm.

The Pelham Division is made up of eighteen (18) commercial customers and the proposed COG rate of \$0.5807 per therm will decrease the monthly bill of a customer consuming 200 therms by \$109 (36%) compared to last winter's bill.

2. Factors Contributing to the Decreased COG Rate

The decrease in the proposed COG rate as compared to last winter's rate can be primarily attributed to the change in propane prices from last winter to this winter. Both the current and projected costs of propane are low this year due to high inventories and reduced market demand.

3. Notification of Rate Changes to Customers

Northern explained their customers are notified of the changes in propane rates via Northern's web site as well as by a prerecorded message on a toll free telephone number. Mr. Ferro explained the phone number and web site are updated within 24 hours of filing with the Commission for a monthly rate change. Customers are notified of the existence of the web site and phone number by a message printed on their bill. This notification method has been in effect beginning with the August rate changes.

B. Staff

Staff stated that it had reviewed the filing and

recommended approval of the proposed COG rate, noting that fuel purchasing for the period is consistent with prior periods.

III. COMMISSION ANALYSIS

After careful review of the record in this docket, we find that Northern's proposed COG rate will result in a just and reasonable rate. Accordingly, we accept and approve Northern's proposed 2001/2002 Winter COG rate.

Based upon the foregoing, it is hereby

ORDERED, that Northern Utilities, Inc. - Pelham Division's proposed Winter COG rate of \$0.5807 per therm for the period November 1, 2001 through April 30, 2002, is **APPROVED**, effective for service rendered on or after November 1, 2001; and it is

FURTHER ORDERED, that Northern may, without further Commission action, adjust the approved COG rate upward or downward monthly based on Northern's calculation of the projected over or under-collection for the period, but that the cumulative adjustments shall not exceed twenty percent (20%), or \$0.1161 per therm, of the approved unit cost of gas; and it is

FURTHER ORDERED, that Northern will provide the Commission with its monthly calculation of the projected over

or under-calculation, along with the resulting revised COG rate for the subsequent month, not less than five (5) business days prior to the first day of the subsequent month. Northern shall include a revised tariff page 33 - Calculation of Cost of Gas and revised rate schedules if Northern elects to adjust the COG rate; and it is

FURTHER ORDERED, that the over or under-collection shall accrue interest at the Prime Rate reported in the *Wall Street Journal*. The rate is to be adjusted each quarter using the rate reported on the first date of the month preceding the first month of the quarter; and it is

FURTHER ORDERED, that Northern shall file properly annotated tariff pages in compliance with this Order no later than fifteen (15) days from the issuance date of this Order, as required by N.H. Admin. Rules, Puc 1603.

By order of the Public Utilities Commission of New Hampshire this thirty-first day of October, 2001.

Thomas B. Getz
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Claire D. DiCicco
Assistant Secretary